

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6784

BILL NUMBER: HB 1105

DATE PREPARED: Dec 29, 2001

BILL AMENDED:

SUBJECT: Health Insurance for State Police Employees.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

STATE IMPACT	FY 2002	FY 2003	FY 2004
State Revenues			
State Expenditures		1,679,043	1,762,995
Net Increase (Decrease)		(1,679,043)	(1,762,995)

Summary of Legislation: This bill provides that a State Police motor carrier inspector and a civilian employee of the State Police Department may elect to participate in health care benefits offered under a State Police Department self-insurance plan or a state employee health benefit plan.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The bill could potentially have a significant impact. The impact would depend upon (1) the number of motor carrier inspectors shifting from the State Police self-insurance plan to a state employee health benefit plan and (2) the type of coverage obtained by the inspectors. If all current motor carrier inspectors and civilian employees were to change to the state employee health benefit program, the cost of health benefit contributions by the state could potentially increase by an estimated **\$1.7 M** annually based on the average employer contributions for single and family combined medical, dental, and vision coverage. Benefits for the State Police are currently funded through a mix of General Fund and dedicated fund monies.

Background: State Police personnel indicate that 787 civilian employees and 34 sworn employees are eligible for this coverage. Generally, the employee contributions for health care coverage under the State Police self-insurance plan are substantially higher than the employee contributions for health care coverage under the state employee health benefit plans. (According to the State Police Human Resources Division, this

difference in contribution rates exists because the State Police self-insurance plan provides superior coverage in terms of covered services, deductibles, and co-payments.) The average employer contribution for single and family combined medical, dental, and vision coverage under the state health benefits plans is estimated to be about 29% and 28% higher respectively than for those coverages under the State Police self-insurance plan. Thus, the state contribution costs, on average, could potentially increase when inspectors and civilian employees shift single and family coverage to the state employee health benefits plans.

If all eligible employees changed to the state employee health benefits plan for medical, dental, and vision coverage, the state could potentially experience a net cost due to a net increase in employer contributions for employee health benefits. This assumes that all of the inspectors currently purchase medical, dental, and vision coverage and will continue to do so upon shifting to the state employee health benefit plans and that the employer contribution remains 93.5%. It also assumes that 32.5% of the inspectors will obtain single coverage (equal to the percentage of employees obtaining single coverage through the state health benefit plan as of November 2000). On this basis, it is estimated that 11 sworn and 256 civilian employees would shift their single combined medical, dental, and vision coverage to the state employee health benefits plans and 23 sworn and 531 civilian employees would shift their family coverage to the state plan. This would result in a net cost in state contributions of approximately \$1.7 M annually (\$270,000 in increased employer contributions for those obtaining single coverage and \$1.4 M in increased employer contributions for those obtaining family coverage).

Under the current State Police self-insured plan, the employee pays a larger amount of the premium. The average employee contribution under the State Police plan is \$41 per pay period for single and \$66 per pay period for family coverage (or \$1,066 and \$1,720 annually for single and family coverage respectively). This is significantly higher than the \$10 per pay period for single and \$32 per pay period for family coverage under the state health plans.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Police, State Department of Personnel.

Local Agencies Affected:

Information Sources: Captain Phil Parker, Indiana State Police, (317) 232-8038; *Issues Relating to the Indiana State Police*, Public Safety Matters Evaluation Committee, July 2001.